STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO:	6. SURFACE:
ML-47060	State

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL ☐ GAS ☑ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☑

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR:
KERR McGEE OIL & GAS ONSHORE L.P.

9. WELL NAME and NUMBER:
STATE 1021-36C

3. ADDRESS OF OPERATOR:
1368 S 1200 E CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER:
(435) 781-7024

10. FIELD AND POOL, OR WILDCAT:
NATURAL BUTTES

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 723'FNL, 1651'FWL 628019X 4418562Y 39.909371 -109.502292
AT PROPOSED PRODUCING ZONE:

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
NENW 36 10S 21E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:
23.7 MILES SOUTH OF OURAY, UTAH

12. COUNTY:
UINTAH

13. STATE:
UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)	16. NUMBER OF ACRES IN LEASE:	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:
723'	640.00	40.00

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)	19. PROPOSED DEPTH:	20. BOND DESCRIPTION:
REFER TO TOPO C	8,620	RLB0005237

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):	22. APPROXIMATE DATE WORK WILL START:	23. ESTIMATED DURATION:
5270'GL		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	H-40	32.3#	1,800	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	I-80	11.6#	8,620	1830 SX 50/50 POZ	1.31 YIELD	14.3 PPG

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☑ COMPLETE DRILLING PLAN
☑ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE Sheila Upchego DATE 11/7/2006

(This space for State use only)

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
NOV 13 2006
DIV. OF OIL, GAS & MINING

API NUMBER ASSIGNED: 43047-38850

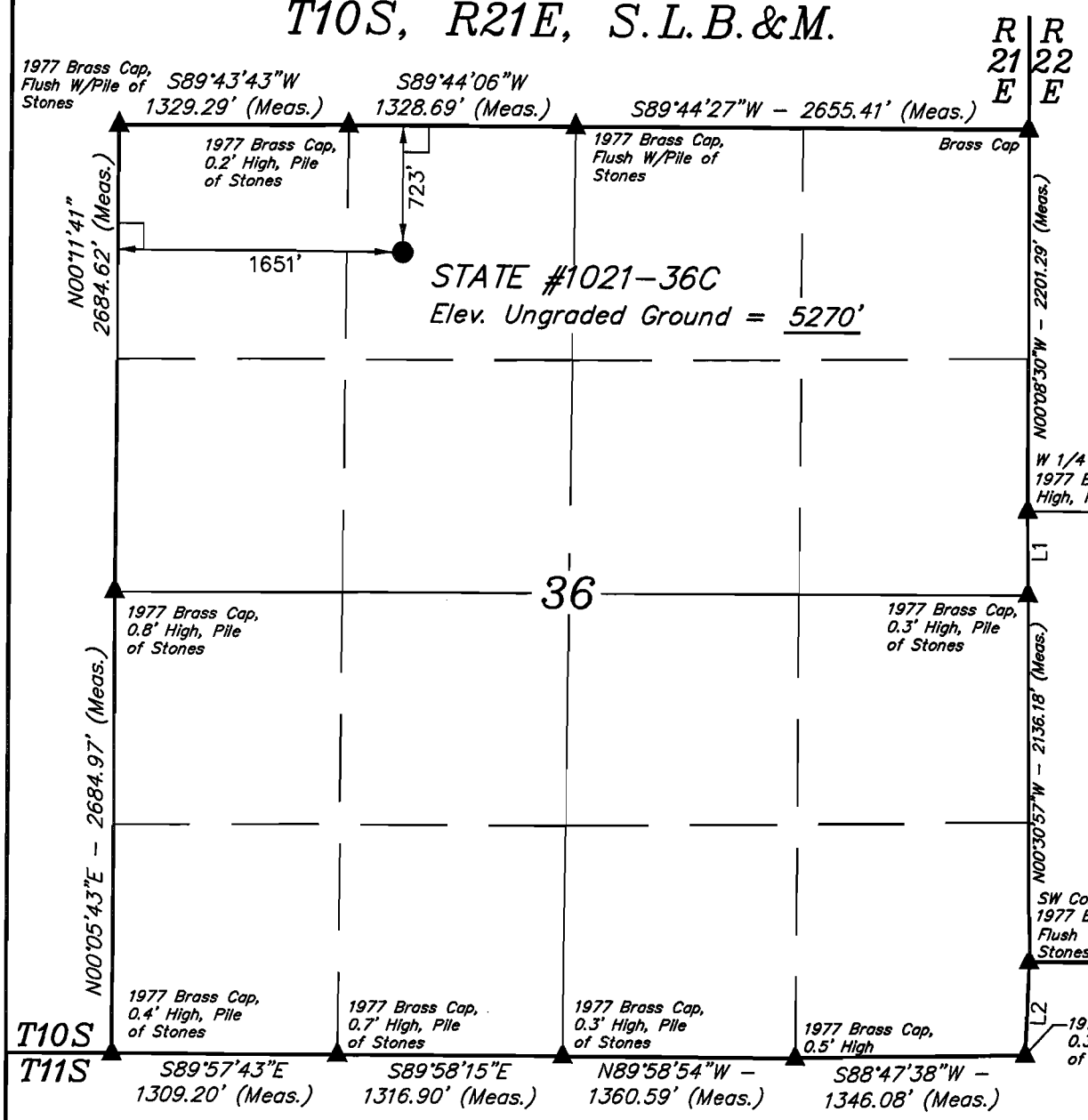
APPROVAL:

Date: 02-14-07

By:

(11/2001) (See Instructions on Reverse Side)

T10S, R21E, S.L.B.&M.



Kerr McGee Oil & Gas Onshore LP

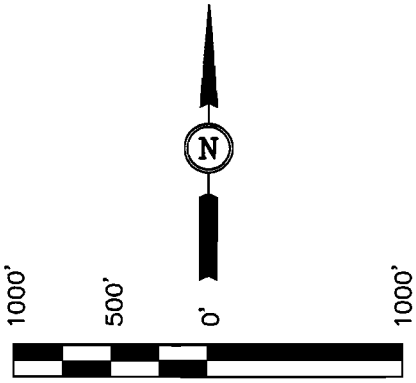
Well location, STATE 1021-36C, located as shown in the NE 1/4 NW 1/4 of Section 36, T10S, R21E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR No. 161319 STATE OF UTAH ROBERT L. KAY

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N00°13'23"W	484.64'
L2	N02°12'25"E	546.05'

LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°54'33.82" (39.909394)
LONGITUDE = 109°30'10.93" (109.503036)
(NAD 27)
LATITUDE = 39°54'33.94" (39.909428)
LONGITUDE = 109°30'08.46" (109.502350)

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE	DATE SURVEYED:	DATE DRAWN:
1" = 1000'	08-03-06	10-11-06
PARTY: L.K. J.M. C.H.	REFERENCES: G.L.O. PLAT	
WEATHER: WARM	FILE: Kerr McGee Oil & Gas Onshore LP	

STATE 1021-36C
NENW SEC 36, T10S, R21E
UINTAH COUNTY, UTAH
ML-47060

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. **Estimated Tops of Important Geologic Markers:**

Formation	Depth
Uinta	0- Surface
Green River	812'
Top of Birds Nest Water	1110'
Mahogany	1625'
Wasatch	3936'
Mesaverde	6530'
MVU2	7499'
MVL1	8132'
TD	8620'

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

Substance	Formation	Depth
	Green River	812'
Water	Top of Birds Nest Water	1110'
	Mahogany	1625'
Gas	Wasatch	3936'
Gas	Mesaverde	6530'
Gas	MVU2	7499'
Gas	MVL1	8132'
Water	N/A	
Other Minerals	N/A	

3. **Pressure Control Equipment** (Schematic Attached)

Please refer to the attached Drilling Program.

4. **Proposed Casing & Cementing Program:**

Please refer to the attached Drilling Program.

5. **Drilling Fluids Program:**

Please refer to the attached Drilling Program.

6. **Evaluation Program:**

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8620' TD, approximately equals 5344 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3448 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please refer to the attached Drilling Program.

10. **Other Information:**

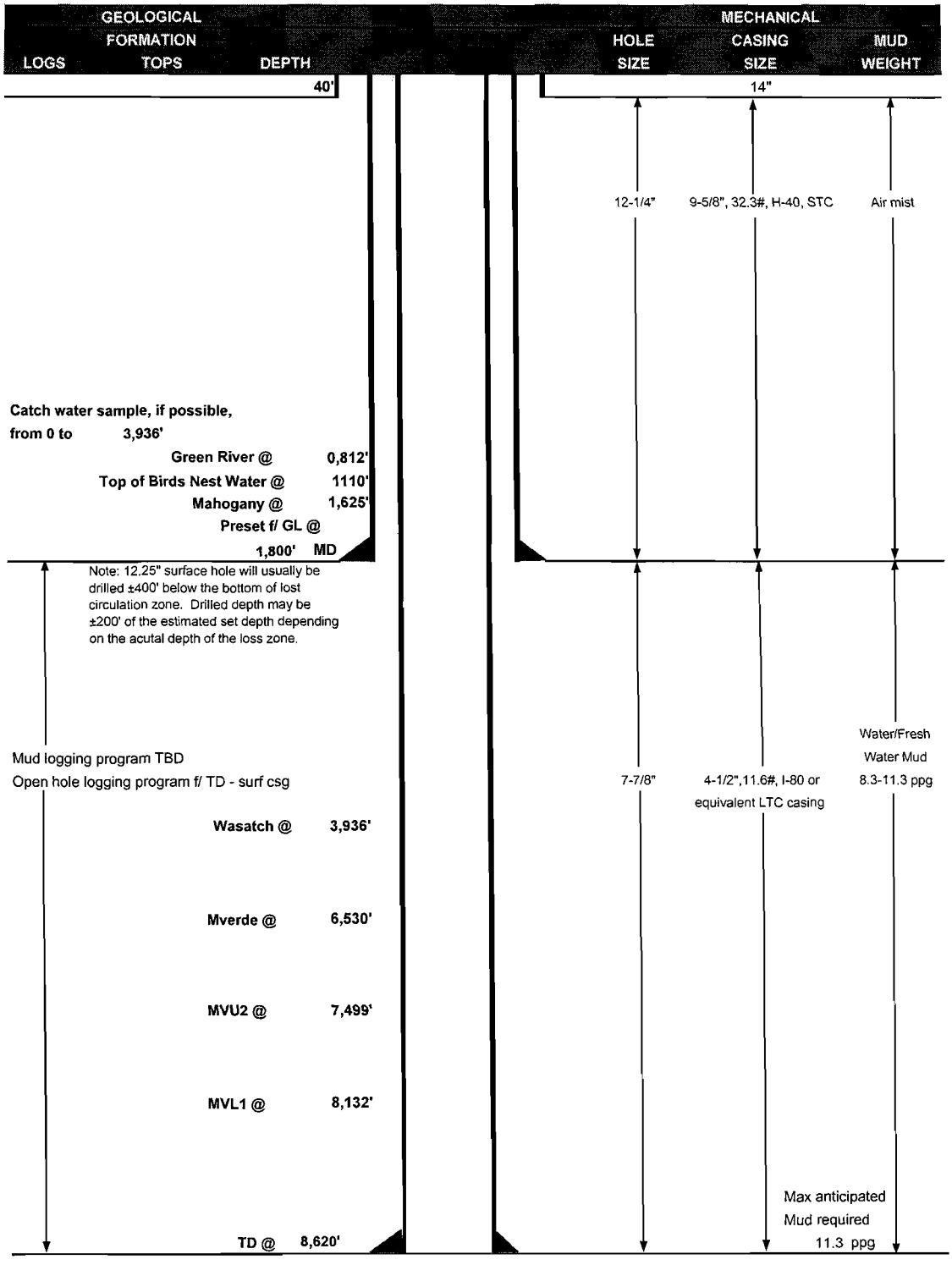
Please refer to the attached Drilling Program.

KerrMcGee

KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME	KERR-McGEE OIL & GAS ONSHORE LP		DATE	November 8, 2006	
WELL NAME	**STATE 1021-36C**		TD	8,620' MD/TVD	
FIELD	Natural Buttes	COUNTY Uintah	STATE Utah	ELEVATION	5,270' GL KB 5,285'
SURFACE LOCATION	NENW SEC. 36, T10S, R21E 723'FNL, 1651'FWL			BHL	Straight Hole
	Latitude: 39.909394	Longitude: 109.503036			
OBJECTIVE ZONE(S)	Wasatch/Mesaverde				
ADDITIONAL INFO	Regulatory Agencies: UDOGM (SURF & MINERALS), BLM, Tri-County Health Dept.				



KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL			WT.	GR.	CPLG.	DESIGN FACTORS BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'								
								2270	1370	254000
SURFACE	9-5/8"	0	to	1800	32.30	H-40	STC	0.72********	1.63	4.99
								7780	6350	201000
PRODUCTION	4-1/2"	0	to	8620	11.60	I-80	LTC	2.46	1.25	2.30

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)

2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)

(Burst Assumptions: TD = 11.3 ppg) .22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)

MASP 3169 psi

******** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE			**NOTE: If well will circulate water to surface, option 2 will be utilized**				
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,430'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	380	60%	11.00	3.38
	TAIL	5,190'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1450	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utililzed.

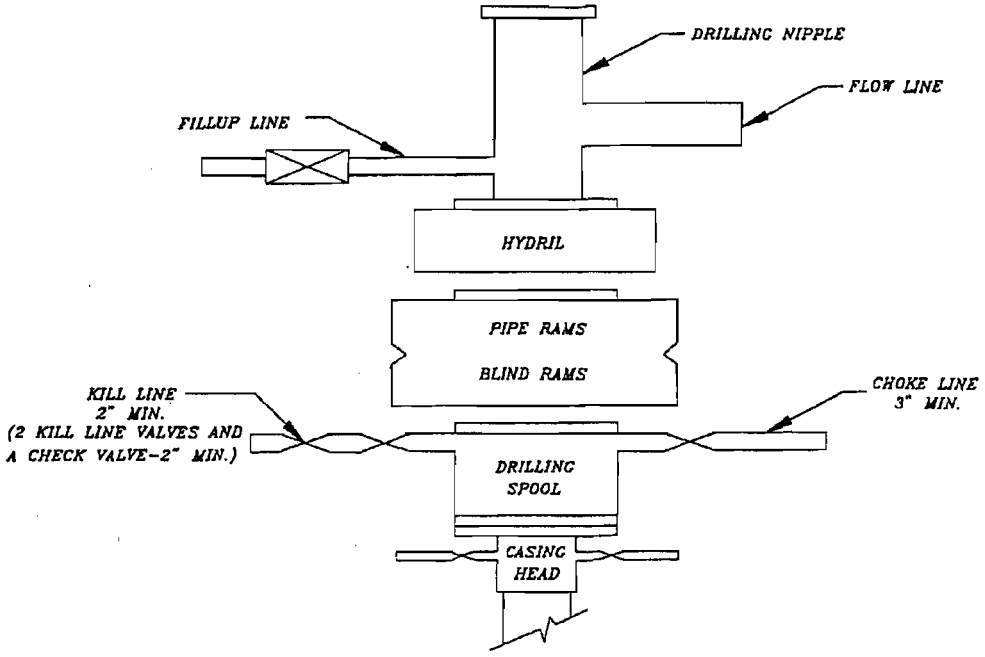
DRILLING ENGINEER: _____ **DATE:** _____

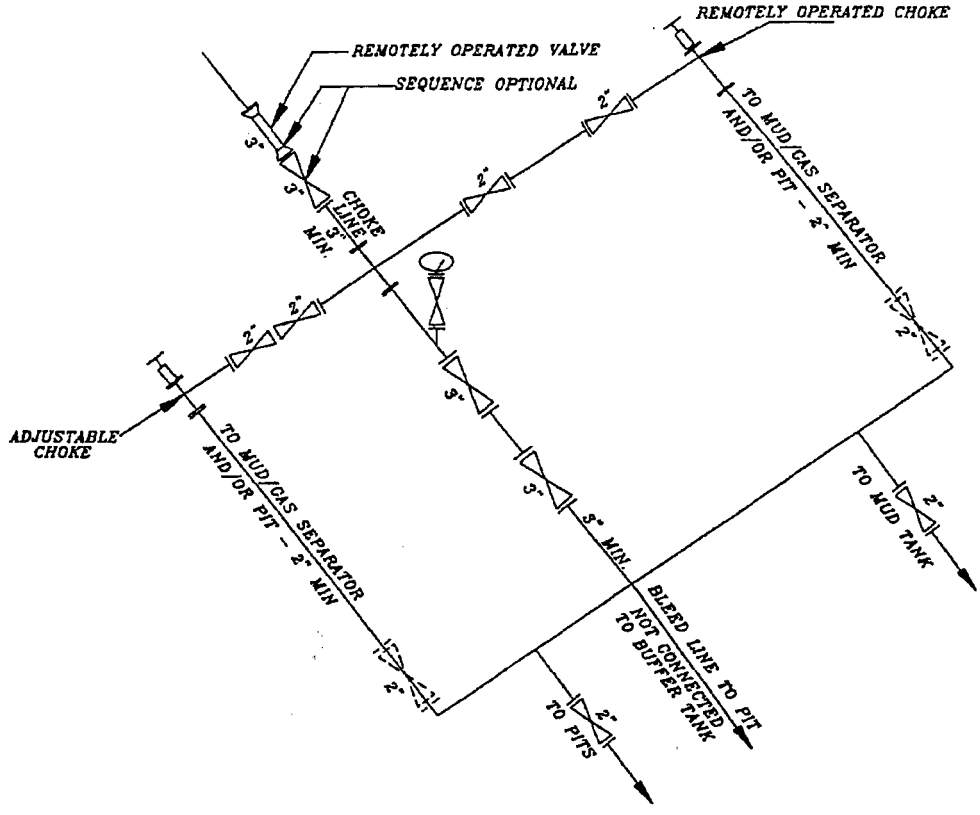
Brad Laney

DRILLING SUPERINTENDENT: _____ **DATE:** _____

Randy Bayne

5M BOP STACK and CHOKE MANIFOLD SYSTEM





STATE 1021-36C
NENW SEC 36, T10S, R21E
Uintah County, UT
ML-47060

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Existing Roads:**

Refer to Topo Map A for directions to the location.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. **Planned Access Roads:**

Approximately 0.2 +/- miles of new access road is proposed. Refer to Topo Map B for the location of the proposed access road.

The upgraded and new portions of the access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. **Location of Existing Wells Within a 1-Mile Radius:**

Please refer to Topo Map C.

4. **Location of Existing & Proposed Facilities:**

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain

fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Carlsbad Canyon, standard color number 2.5Y 6/2.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Approximately 1090' +/- of 4" pipeline is proposed from the location to an tie-in point. Refer to Topo Map D.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32, T4S, R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will

be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled By truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E.

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface Ownership:

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. Other Information:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III archaeological survey will be submitted when report becomes available.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. Lessee's or Operators's Representative & Certification:

Sheila Upchego
Senior Land Admin Specialist
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East.
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond #RLB0005237.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Sheila Upchego

11/8/2006
Date

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36C
SECTION 36, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 6.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 3.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 1.0 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-36N TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-36F TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO THE PROPOSED #1021-36N AND THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 0.2 MILES TO PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 54.7 MILES.

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36C

LOCATED IN UINTAH COUNTY, UTAH
SECTION 36, T10S, R21E, S.L.B.&M.

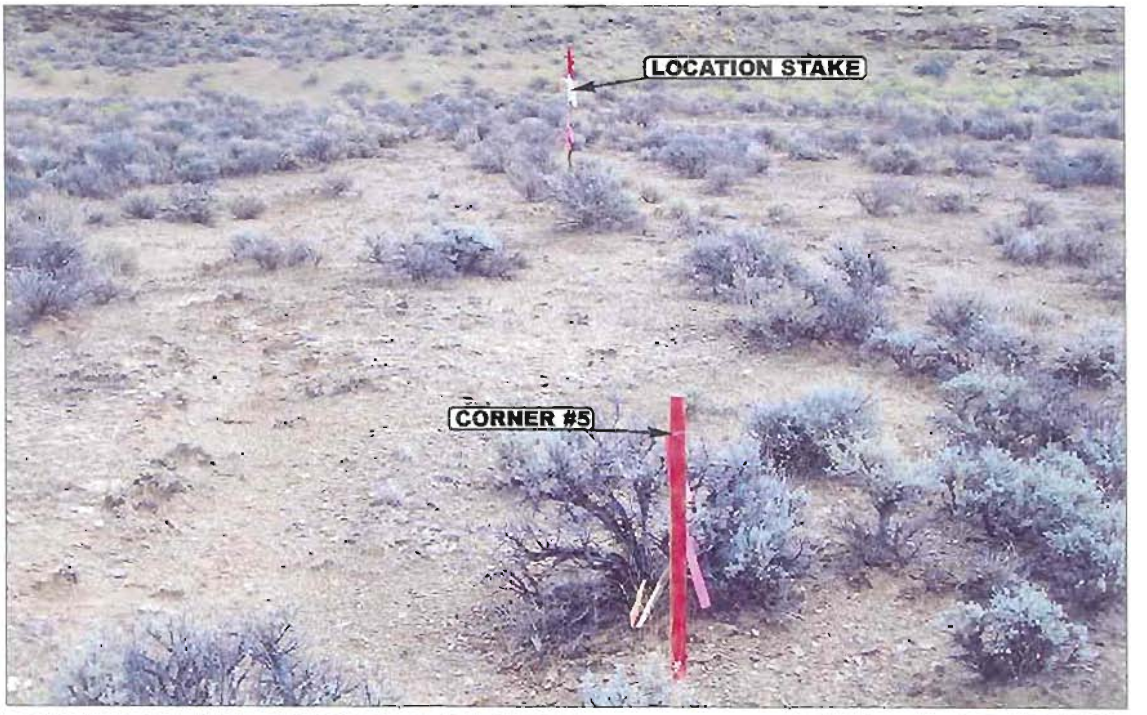


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

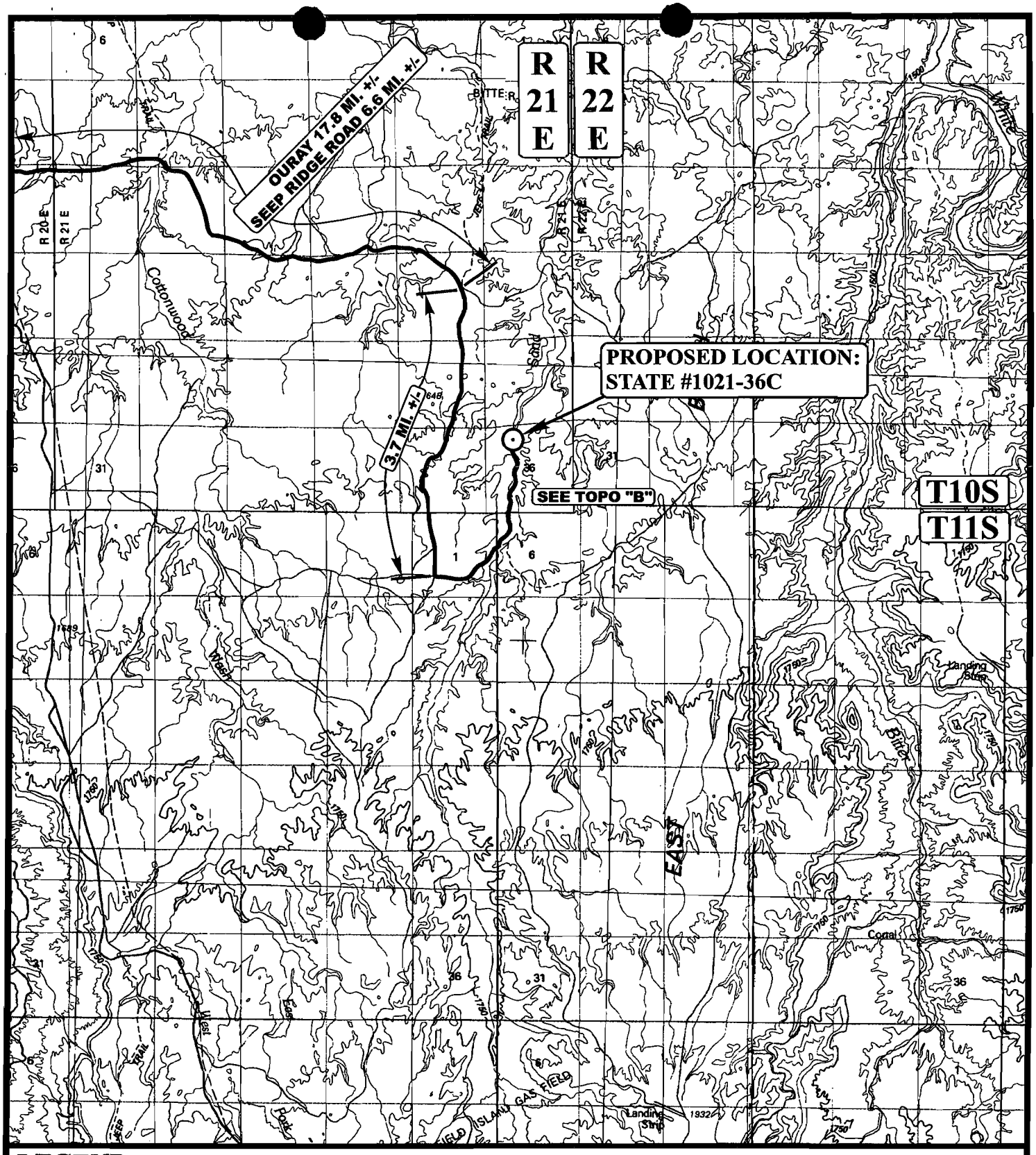
CAMERA ANGLE: NORTHEASTERLY

PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY

- Since 1964 -
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	10 MONTH	10 DAY	06 YEAR	PHOTO
TAKEN BY: L.K.	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

⊙ PROPOSED LOCATION

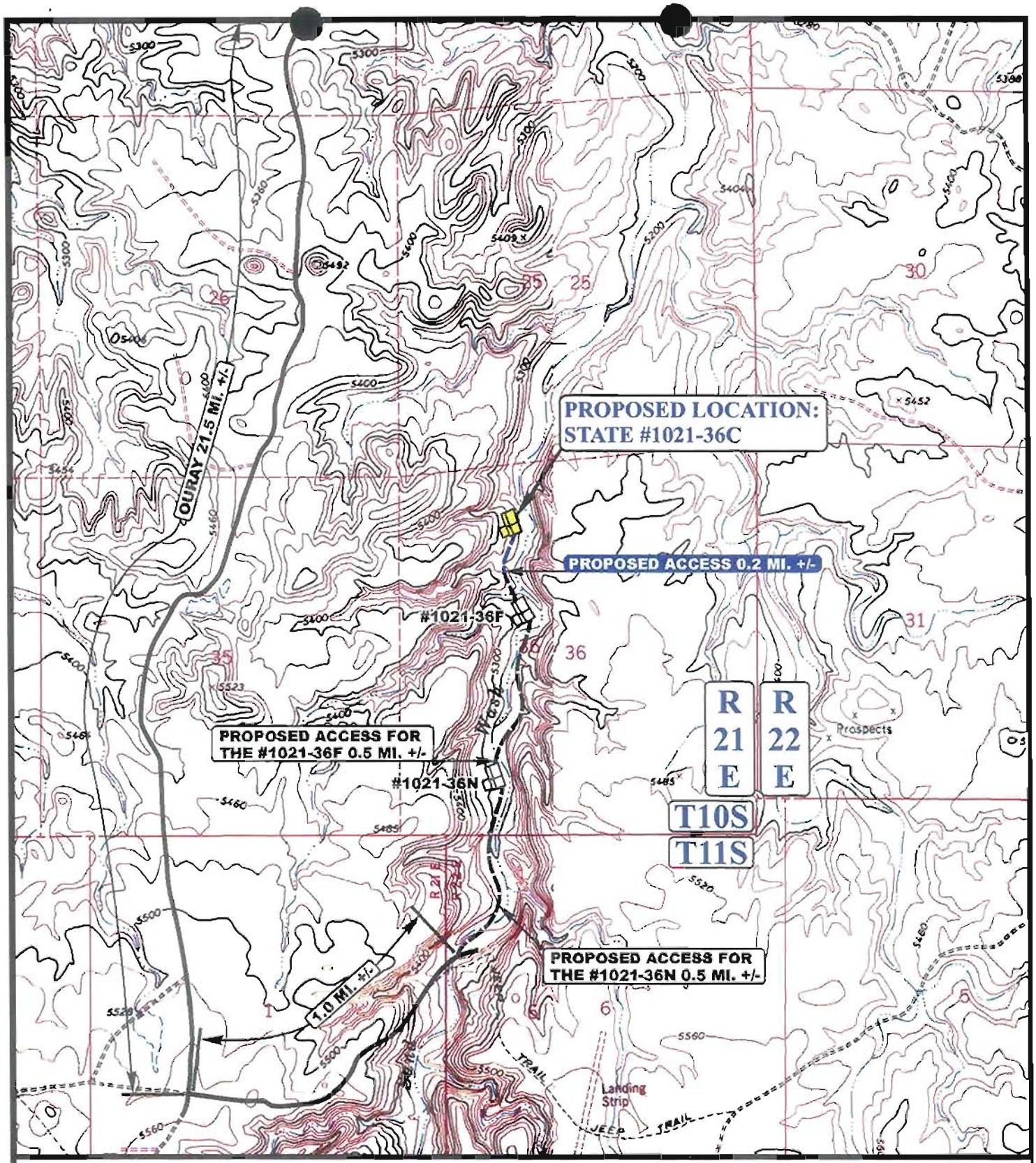
N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36C
SECTION 36, T10S, R21E, S.L.B.&M.
723' FNL 1651' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	10 MONTH	10 DAY	06 YEAR
SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 00-00-00	A TOPO



LEGEND:

EXISTING ROAD

PROPOSED ACCESS ROAD

N

Kerr-McGee Oil & Gas Onshore LP

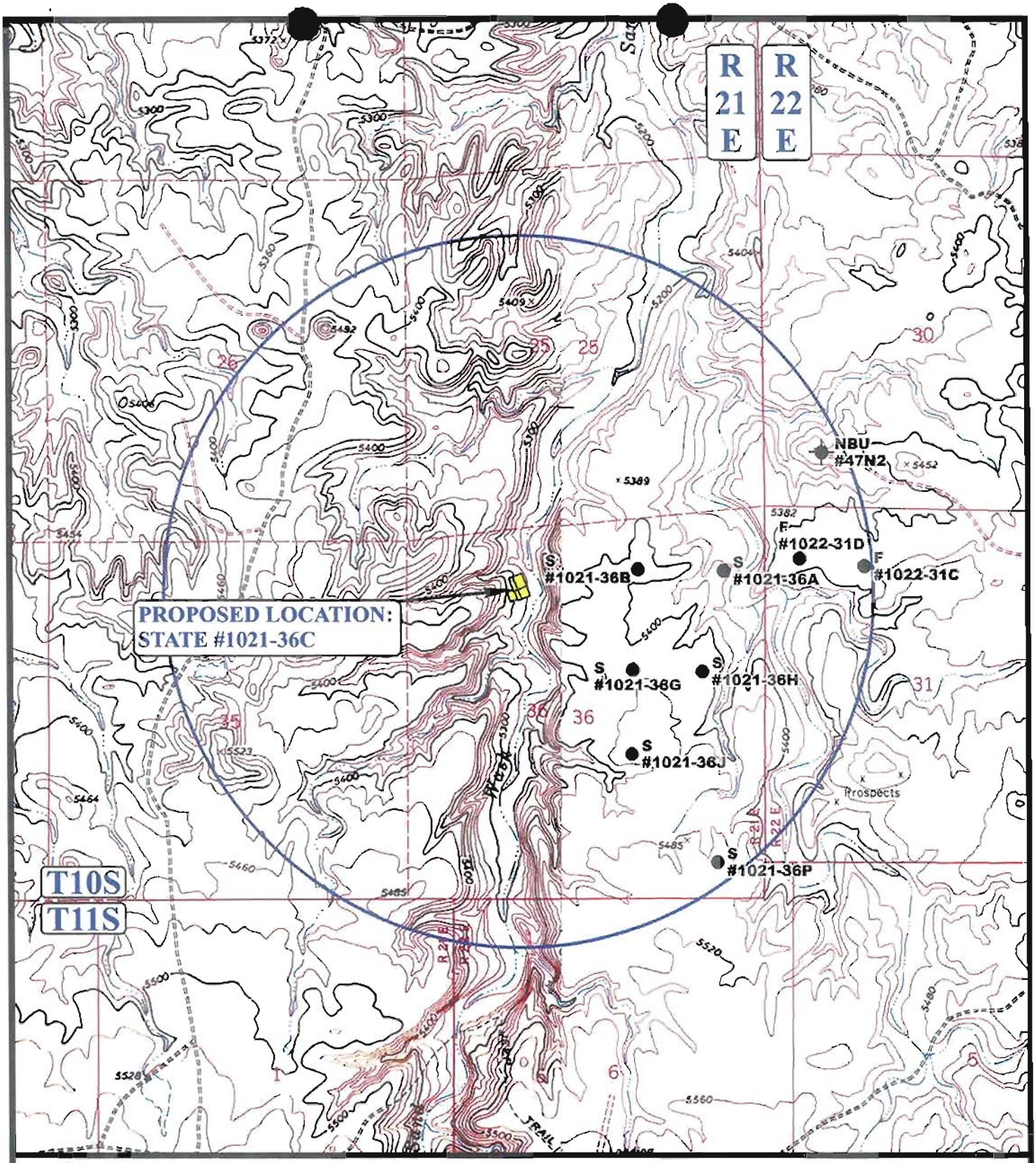
STATE #1021-36C

SECTION 36, T10S, R21E, S.L.B.&M.

723' FNL 1651' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	10 MONTH	10 DAY	06 YEAR	B TOPO
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

- DISPOSAL WELLS
- WATER WELLS
- PRODUCING WELLS
- ABANDONED WELLS
- SHUT IN WELLS
- TEMPORARILY ABANDONED

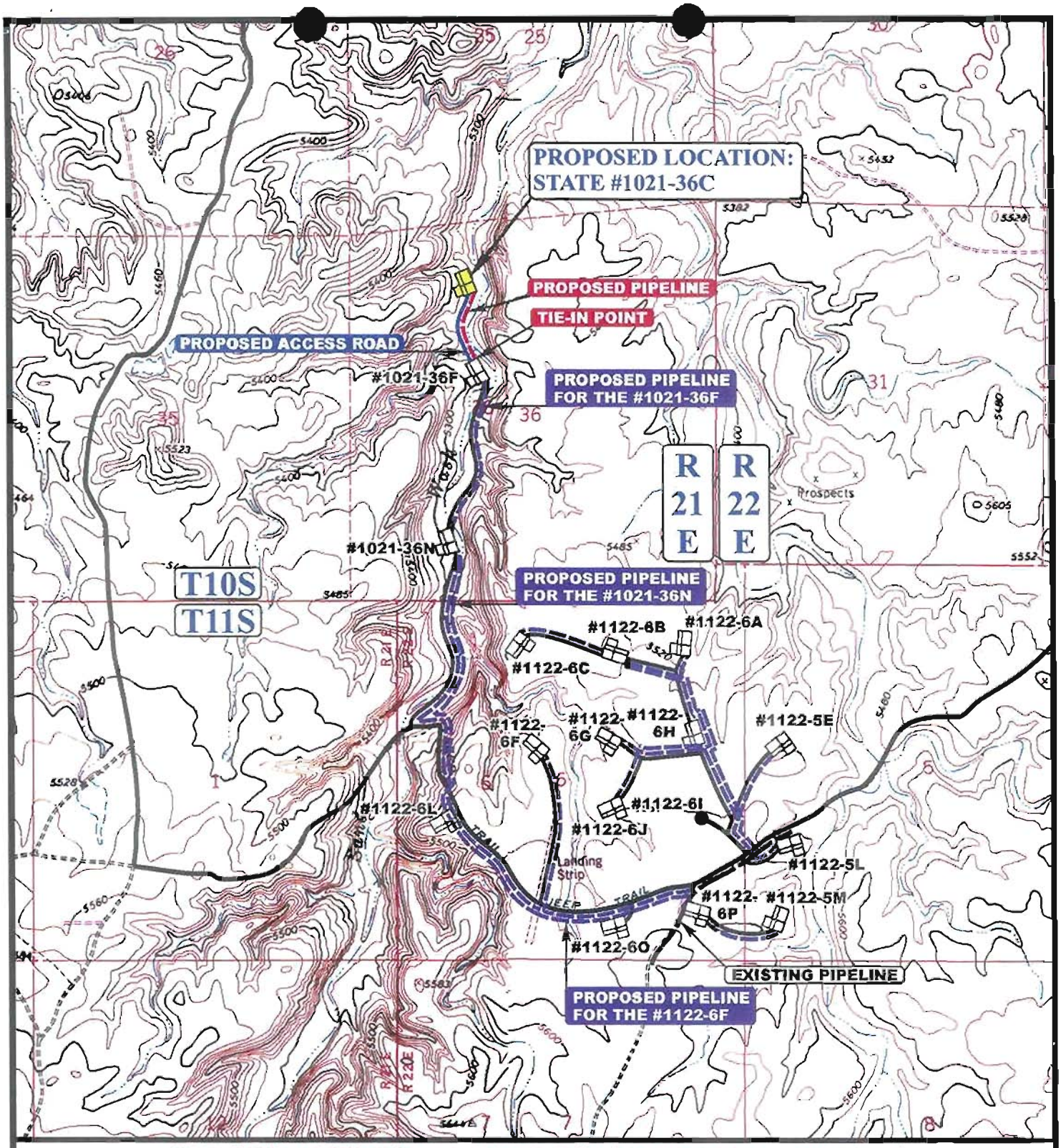
N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36C
SECTION 36, T10S, R21E, S.L.B.&M.
723' FNL 1651' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	10 MONTH	10 DAY	06 YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00	C TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 1.090' +/-

LEGEND:

PROPOSED ACCESS ROAD
EXISTING PIPELINE
PROPOSED PIPELINE
PROPOSED PIPELINE (SERVICING OTHER WELLS)

N

Kerr-McGee Oil & Gas Onshore LP
STATE #1021-36C
SECTION 36, T10S, R21E, S.L.B.&M.
723' FNL 1651' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	10 MONTH	10 DAY	06 YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00	D TOPO

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36C

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 36, T10S, R21E, S.L.B.&M.

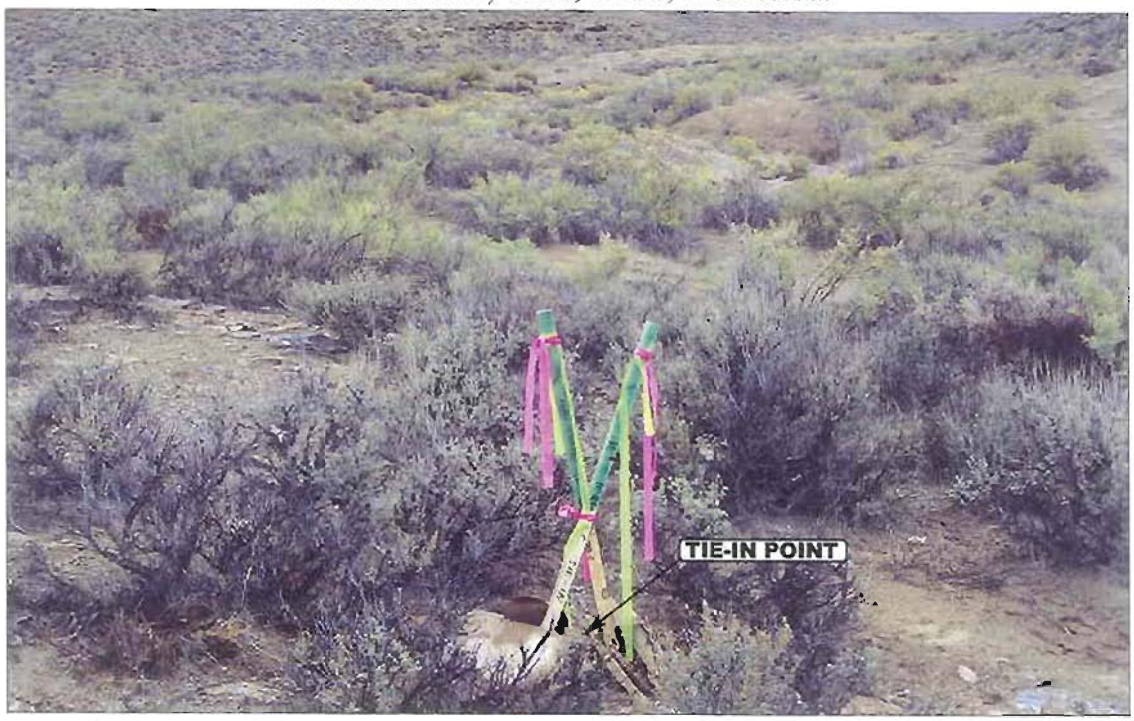


PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: NORTHERLY

PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: NORTHERLY

- Since 1964 -

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078

435-789-1017 uels@uelsinc.com

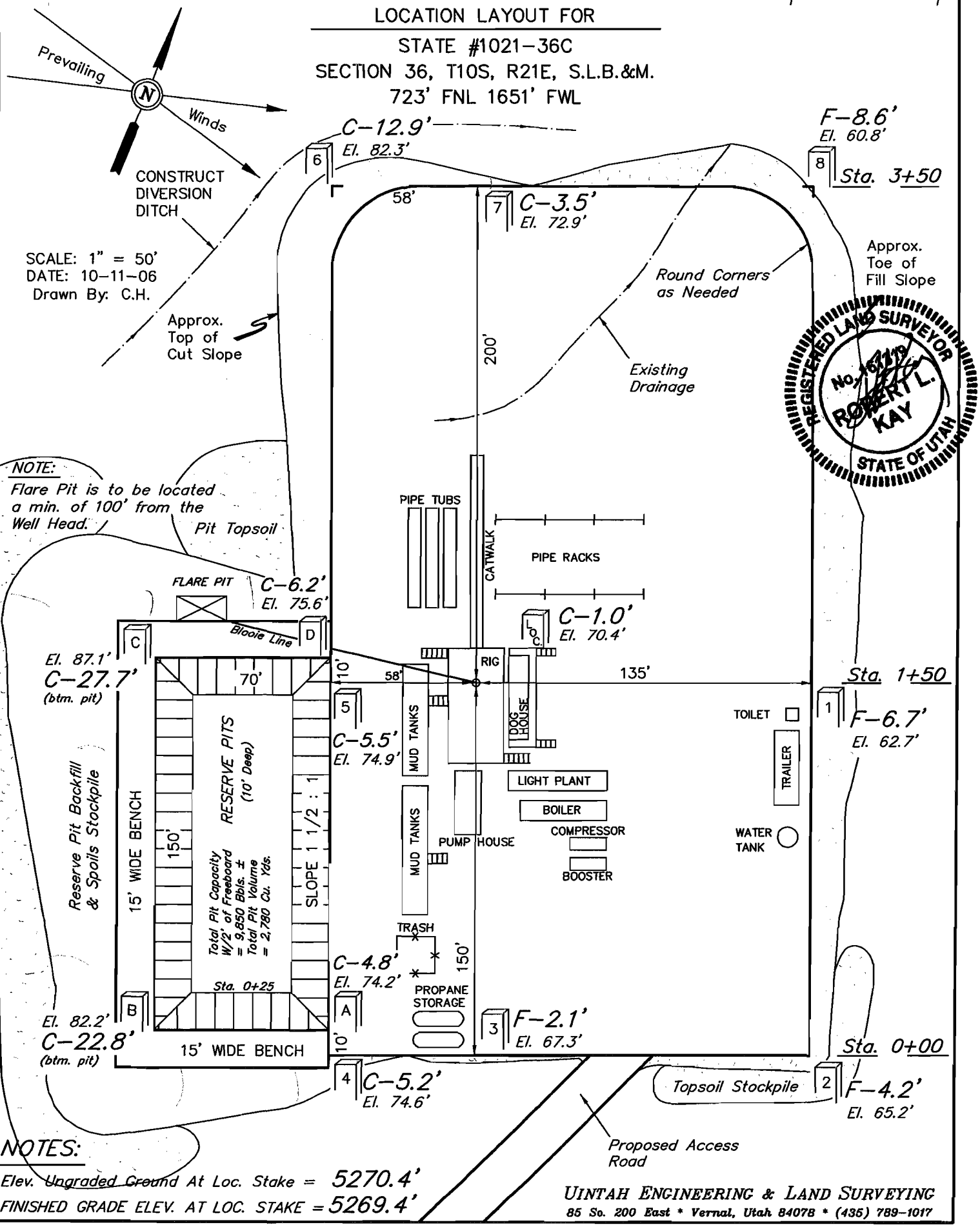
PIPELINE PHOTOS	10 MONTH	10 DAY	06 YEAR	PHOTO
TAKEN BY: L.K.	DRAWN BY: C.P.	REVISED: 00-00-00		

Kerr-McGee Oil & Gas Onshore LP

FIGURE #1

LOCATION LAYOUT FOR

STATE #1021-36C
SECTION 36, T10S, R21E, S.L.B.&M.
723' FNL 1651' FWL



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5270.4'
FINISHED GRADE ELEV. AT LOC. STAKE = 5269.4'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

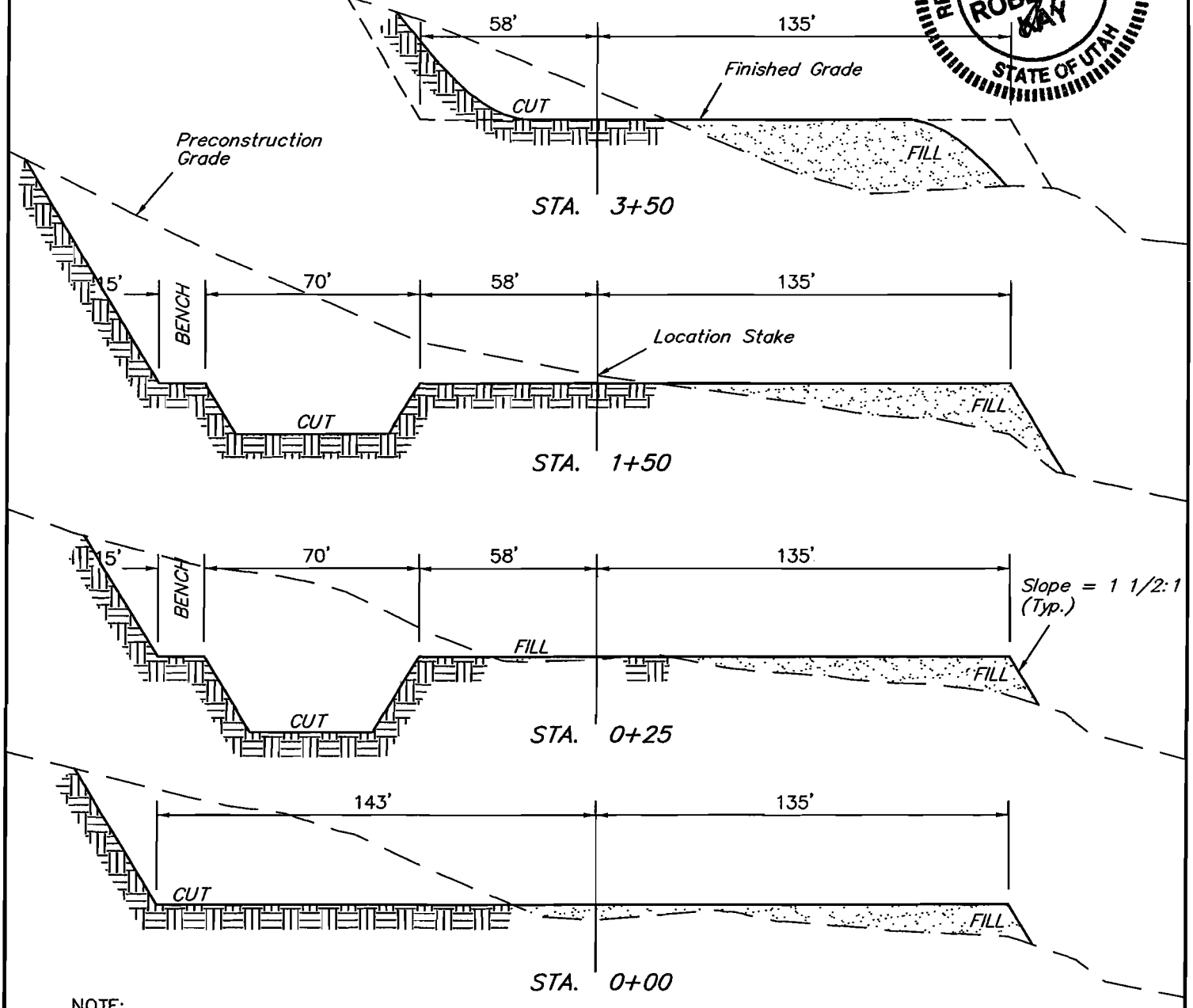
TYPICAL CROSS SECTIONS FOR

STATE #1021-36C
SECTION 36, T10S, R21E, S.L.B.&M.
723' FNL 1651' FWL

1" = 20'
X-Section Scale
1" = 50'

DATE: 10-11-06
Drawn By: C.H.

REGISTERED LAND SURVEYOR
No. 161319
ROBERT L. KAY
STATE OF UTAH



NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 2,060 Cu. Yds.
Remaining Location = 15,420 Cu. Yds.

TOTAL CUT = 17,480 CU.YDS.
FILL = 8,530 CU.YDS.

EXCESS MATERIAL = 8,950 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 3,450 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation) = 5,500 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/13/2006

API NO. ASSIGNED: 43-047-38850

WELL NAME: STATE 1021-36C

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

NENW 36 100S 210E

SURFACE: 0723 FNL 1651 FWL

BOTTOM: 0723 FNL 1651 FWL

COUNTY: UINTAH

LATITUDE: 39.90937 LONGITUDE: -109.5023

UTM SURF EASTINGS: 628019 NORTHINGS: 4418562

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	12/13/06
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47060

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 3 - State

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)

N Potash (Y/N)

✓ Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. 43-8496)

N RDCC Review (Y/N)
(Date:)

NA Fee Surf Agreement (Y/N)

NA Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: ___

___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

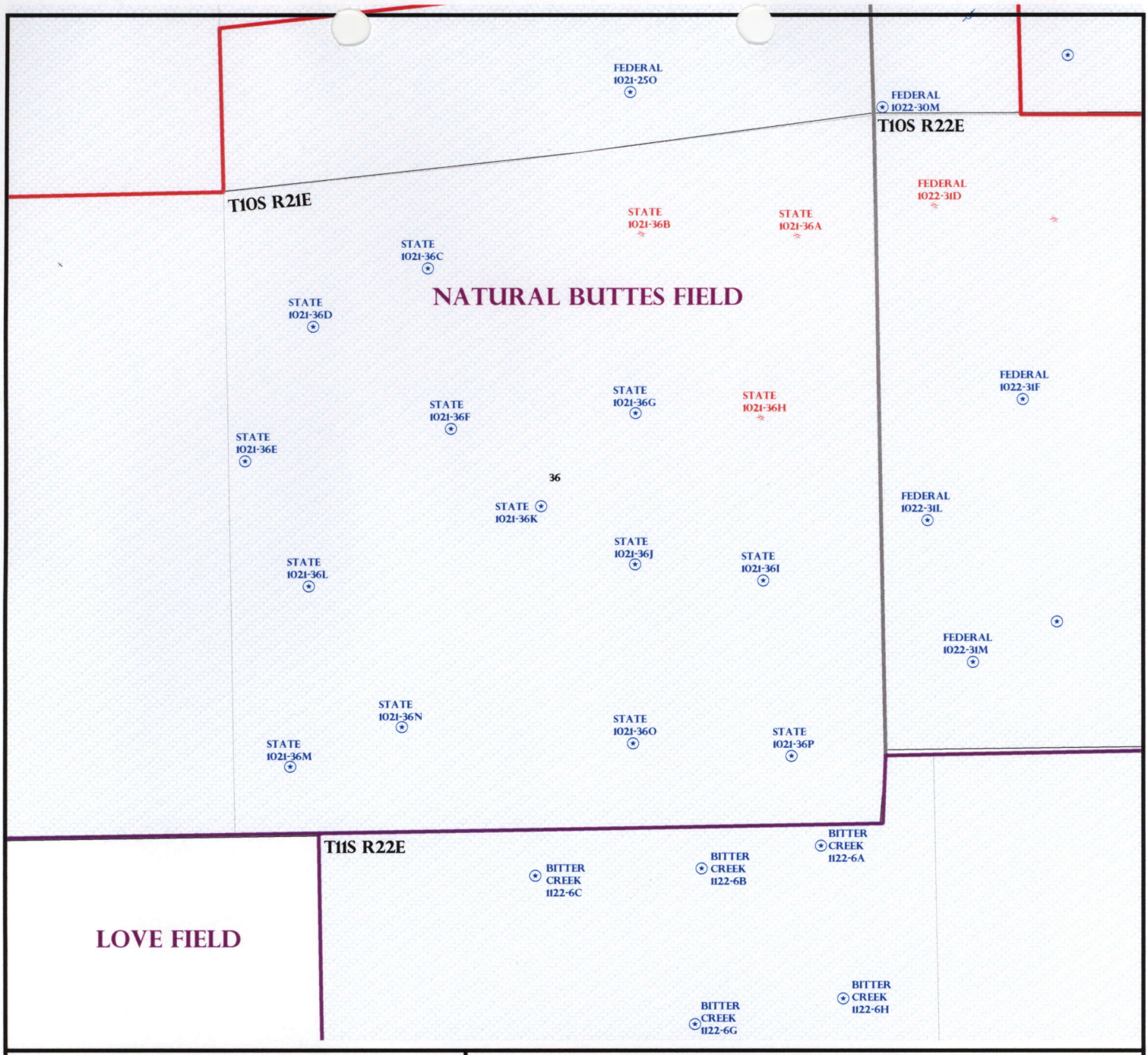
✓ R649-3-3. Exception

___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___

___ R649-3-11. Directional Drill

COMMENTS: Need Presite (11-28-06)

STIPULATIONS: 1- Spacing Stip
2- OIL SHALE
3- STATEMENT OF BASIS
4- Surf. Csg. Cmt Stip



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 36 T.10S R. 21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA MASON

DATE: 16-NOVEMBER-2006

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
169	43-047-38850-00-00		GW	S	No

Operator KERR-MCGEE OIL & GAS ONSHORE, LP **Surface Owner-APD**
Well Name STATE 1021-36C **Unit**
Field UNDESIGNATED **Type of Work**
Location NENW 36 10S 21E S 0 F L 0 F L GPS Coord (UTM) 628019E 4418562N

Geologic Statement of Basis

Kerr McGee proposes to set 1,800' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 3,300'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 36. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters uphole.

Brad Hill 12/4/2006
APD Evaluator **Date / Time**

Surface Statement of Basis

The general area is the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 18 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and oilfield development roads a distance of 51 miles from Vernal, UT.

Topography is characterized by broad open flats dissected by numerous sub-drainages, which often become steep with ridges and draws with exposed sandstone layers. No perennial streams occur in drainage. Individual draws or washes are ephemeral with spring runoff or flows from sometimes-intense summer rainstorms. White River is to the northeast about 3 miles. No springs exist in the area. An occasional constructed pond occurs furnishing water for antelope or livestock.

This location is in the bottom of Sand Wash on the east slope of a sidehill which extends from a higher ridge to the west. Sand Wash is running to the southeast. The location and Sand Wash are rimmed with high hills with sandstone ledges on the east and west. 0.2 miles of new road will be required extending from the road planned to the State 1021-36F well.

The surface and minerals of the site are both owned by SITLA. Mr Jim Davis of SITLA was invited to the Presite but bad weather prevented him from attending. The location appears to be suitable site for drilling and operating a well.

Ben Williams represented the Utah Division of Wildlife Resources. He stated that no wildlife values would be significantly affected by drilling a well at this location. He provided Mr. Estes with a summary of his wildlife evaluations and a UDWR recommended seed mix to use when revegetating the site.

Floyd Bartlett 11/28/2006
Onsite Evaluator **Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 20 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name STATE 1021-36C
API Number 43-047-38850-0 **APD No** 169 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NENW **Sec** 36 **Tw** 10S **Rng** 21E 0 F L 0 F L
GPS Coord (UTM) 628015 4418561 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Ben Williams (Utah Division of Wildlife Resources), Carroll Estes (Kerr McGee), David Kay (UELS).

Regional/Local Setting & Topography

The general area is the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 18 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and oilfield development roads a distance of 51 miles from Vernal, UT.

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This location is in the bottom of Sand Wash on the east slope of a sidehill which extends from a higher ridge to the west. Sand Wash is running to the southeast. The location and Sand Wash are rimmed with high hills with sandstone ledges on the east and west. 0.2 miles of new road will be required extending from the road planned to the State 1021-36F well.

Surface Use Plan

Current Surface Use
Grazing
Wildlfe Habitat

New Road Miles	Well Pad		Src Const Material	Surface Formation
0.2	**Width** 278	**Length** 350	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Moderate cover of big sagebrush with Russian thistle, annual mustard.

Deer, antelope, coyote, rabbits and small mammals and birds. Sheep graze during the winter.

Soil Type and Characteristics

Deep sandy loam

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required Y

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Y **Paleo Potental Observed?** N **Cultural Survey Run?** **Cultural Resources?**

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	300 to 1320	10
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	25 1 **Sensitivity Level**

Characteristics / Requirements

150' by 70' and 10'deep. The reserve pit is all within cut on the south west side of the location. A 15' wide bench is planned around the outer edges and 2' of freeboard.

A pit liner is required. Kerr McGee lines all pits with a 20 mil liner and a felt sub-liner.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 20 **Pit Underlayment Required?** Y

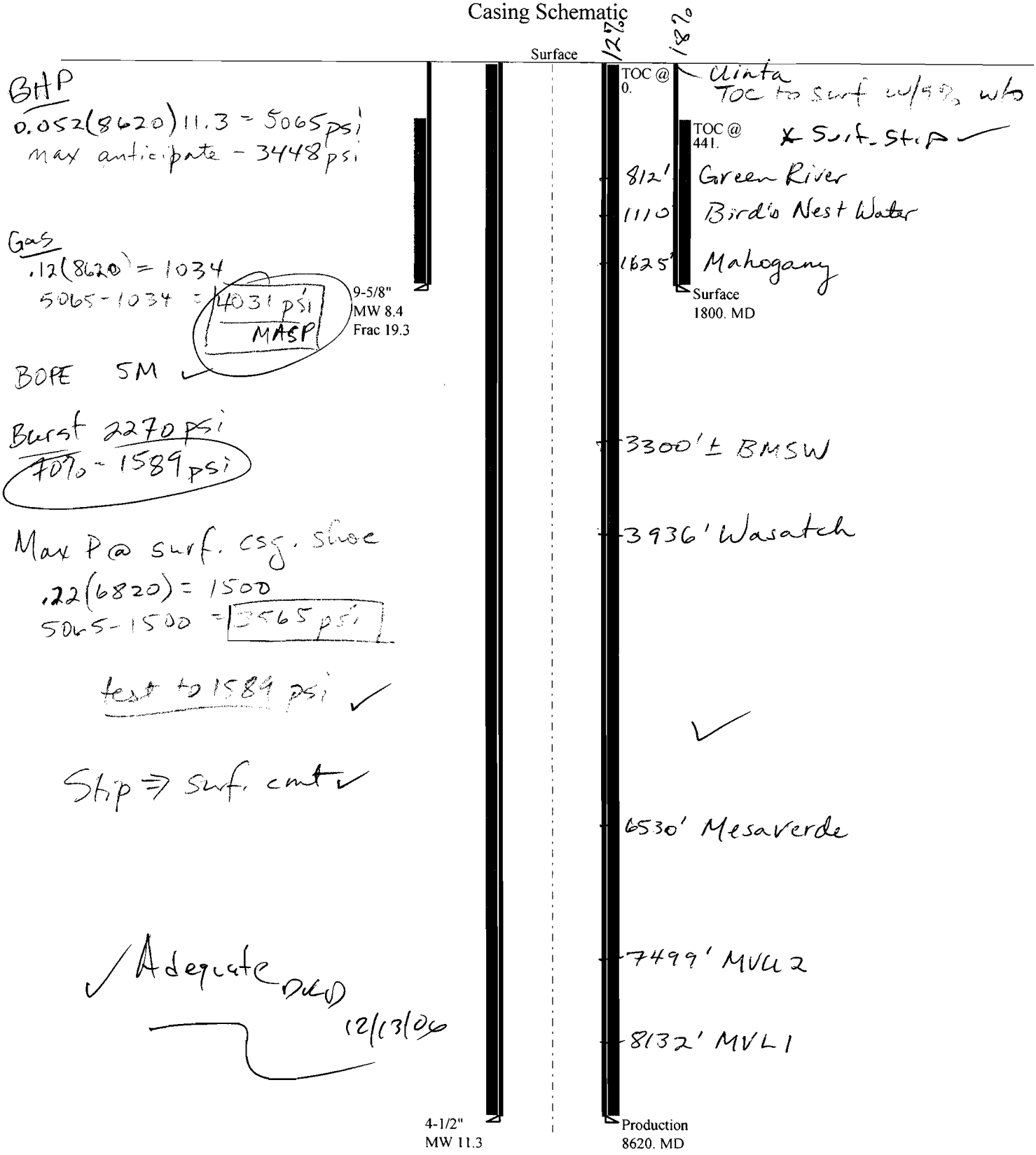
Other Observations / Comments

Ben Williams represented the Utah Division of Wildlife Resources. He stated that no wildlife values would be significantly affected by drilling a well at this location. He provided Mr. Estes with a summary of his wildlife evaluations and a UDWR recommended seed mix to use when revegetating the site.

Floyd Bartlett	11/28/2006
Evaluator	**Date / Time**

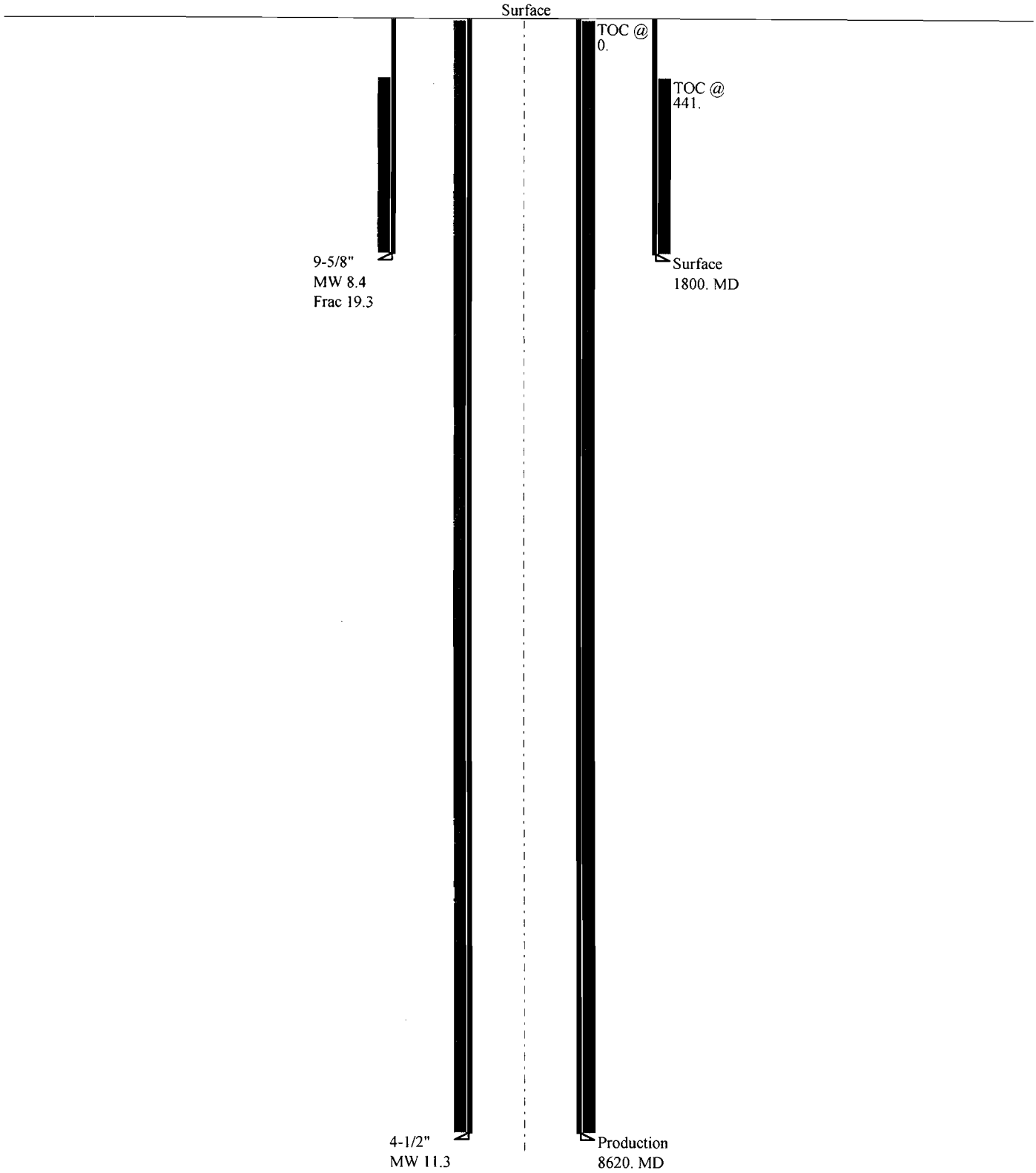
2006-12 Kerr McGee State 1021-36C

Casing Schematic



2006-12 Kerr McGee State 1021-36C

Casing Schematic



Well name:	**2006-12 Kerr McGee State 1021-36C**
Operator:	**Kerr McGee Oil & Gas Onshore, LP**
String type:	Surface
Project ID:	43-047-38850
Location:	Uintah County, Utah

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,584 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,800 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 1,578 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 100 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,490 ft

Cement top: 441 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 8,620 ft
Next mud weight: 11.300 ppg
Next setting BHP: 5,060 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,800 ft
Injection pressure: 1,800 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	1800	9.625	32.30	H-40	ST&C	1800	1800	8.876	795.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	785	1370	1.744	1800	2270	1.26	51	254	4.98 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: December 11,2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 1800 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**2006-12 Kerr McGee State 1021-36C**
Operator:	**Kerr McGee Oil & Gas Onshore, LP**
String type:	Production
Project ID:	43-047-38850
Location:	Uintah County, Utah

Design parameters:

Collapse
Mud weight: 11.300 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 3,164 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,060 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 7,164 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 196 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	8620	4.5	11.60	I-80	LT&C	8620	8620	3.875	752.2

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5060	6360	1.257	5060	7780	1.54	83	212	2.55 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: December 11,2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 8620 ft, a mud weight of 11.3 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

KerrMcGee

Kerr-McGee Oil & Gas OnShore LP
1999 Broadway, Suite 3700, Denver, Colorado 80202
303-296-3600 • Fax 303-296-3601

January 8, 2007

Ms. Diana Mason
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-6100

RE: State 1021-36C
T10S-R21E
Section 36: NENW
723' FNL, 1651' FWL
Uintah County, Utah

Dear Ms. Mason:

Kerr-McGee Oil & Gas Onshore LP, formerly known as Westport Oil and Gas Company, L.P. has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to State Rule 649-3-2 (State Wide). The well location was moved for topographic reasons. Kerr-McGee owns 100% of the leasehold within 460 feet of the exception location of the offset lands and has no objection to the exception location.

Kerr-McGee requests your approval of this exception location. If you have any questions, call me at 720-264-2618. Thank you for your assistance.

Sincerely,

W. Chris Latimer, CPL
Senior Landman

cc: Raleen White

From: Ed Bonner
To: Mason, Diana
Date: 2/14/2007 9:50 AM
Subject: The following wells have been given cultural resource clearance by the Trust Lands Cultural Resource

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil; sheila.upchego...

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Kerr McGee Oil & Gas Onshore LP
- NBU 1022-7H-4 (API 43 047 38570)
- NBU 1021-2E (API 43 047 38838)
- NBU 1021-2F (API 43 047 38839)
- NBU 1021-2M (API 43 047 38841)
- NBU 1021-2K (API 43 047 38842)
- NBU 1021-2L (API 43 047 38843)
- NBU 1021-2J (API 43 047 38844)
- NBU 1021-36D (API 43 047 38845)
- NBU 1021-36E (API 43 047 38846)
- NBU 1021-36F (API 43 047 38847)
- NBU 1021-36N (API 43 047 38848)
- NBU 1021-36K (API 43 047 38849)
- NBU 1021-36C (API 43 047 38850)
- NBU 1021-1G (API 43 047 39001)
- NBU 1021-1O (API 43 047 39002)
- NBU 1021-1P (API 43 047 39003)
- NBU 1021-30I (API 43 047 39020)
- NBU 1021-30J (API 43 047 39021)
- NBU 1021-30K (API 43 047 39022)
- NBU 1021-30L (API 43 047 39023)
- NBU 1021-30M (API 43 047 39024)
- NBU 1021-30N (API 43 047 39025)

If you have any questions regarding this matter please give me a call.

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

February 14, 2007

Kerr-McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: State 1021-36C Well, 723' FNL, 1651' FWL, NE NW, Sec. 36, T. 10 South, R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38850.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor (via e-mail)
SITLA

Operator: Kerr-McGee Oil & Gas Onshore LP

Well Name & Number State 1021-36C

API Number: 43-047-38850

Lease: ML-47060

Location: NE NW **Sec.** 36 **T.** 10 South **R.** 21 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office
  (801) 733-0983 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office
  (801) 733-0983 home

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

7. Surface casing shall be cemented to the surface.

8. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: **KERR-McGEE OIL & GAS ONSHORE, LP**

Well Name: **STATE 1021-36C**

Api No: **43-047-38850** Lease Type: **STATE**

Section **36** Township **10S** Range **21E** County **UINTAH**

Drilling Contractor **PETE MARTIN DRLG** RIG # **RATHOLE**

SPUDDED:

Date **10/ 08/07**

Time **11:00 AM**

How **DRY**

Drilling will Commence:

Reported by **LOU WELDON**

Telephone # **(435) 828-7035**

Date **10/10/07** **Signed** **CHD**

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: KERR McGEE OIL & GAS ONSHORE LP
Operator Account Number: N 2995
Address: 1368 SOUTH 1200 EAST
city VERNAL
state UT zip 84078
Phone Number: (435) 781-7024

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304736182	NBU 1021-12H		SENE	12	10S	21E	UINTAH
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	
B	99999	2900	10/8/2007			10/17/07	

Comments: MIRU PETE MARTIN BUCKET RIG. SPUD WELL LOCATION ON 10/08/2007 @ 1030HRS.
WSMVD

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304738850	STATE 1021-36C		NENW	36	10S	21E	UINTAH
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	
A	99999	16396	10/8/2007			10/17/07	

Comments: MIRU PETE MARTIN BUCKET RIG. SPUD WELL LOCATION ON 10/08/2007 @ 1100 HRS.
WSMVD

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	

Comments:

ACTION CODES:
- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

SHEILA UPCHEGO
Name (Please Print)
Signature
SENIOR LAND SPECIALIST 10/8/2007
Title Date

(5/2000)

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DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47060

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER _____

8. WELL NAME and NUMBER: STATE 1021-36C

2. NAME OF OPERATOR: KERR-McGEE OIL & GAS ONSHORE LP

9. API NUMBER: 4304738850

3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER: (435) 781-7024

10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 723'FNL-1651'FWL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 36 10S 21E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start: _____	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion: _____	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: WELL SPUD
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

MIRU-PETE MARTIN BUCKT RIG. DRILL 20" CONDUCTOR HOLE TO 40'. RAN 14" 36.7# H-40 CONDUCTOR PIPE. CMT W/28 SK READY MIX. SPUD WELL @ 1100 HRS ON 10/08/06.

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DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE _____ DATE 10/8/2007

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(5/2000) (See Instructions on Reverse Side)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: STATE 1021-36C

2. NAME OF OPERATOR: KERR McGEE OIL AND GAS ONSHORE LP

9. API NUMBER: 4304738850

3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER: (435) 781-7024

10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 723'FNL-1651'FWL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 36 10S 21E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: SET SURF CSG
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

MIRU BILL MARTIN AIR RIG ON 10/14/2007. DRILLED 12 1/4" SURFACE HOLE TO 1875". RAN 9 5/8 OF 43 JTS OF 36# J-55 SURFACE CSG. LEAD CMT W/150 SX HIFILL CLASS G @ 11.0 PPG 3.82 YLD. TAILED CMT W/200 SX PREM CLASS G @ 15.8 PPG 1.15 YLD. RAN 200' OF 1" PIPE CMT W/125 SX OF PREM CLASS G @ 15.8 PPG 1.15 YLD. TOP OUT W/100 SX PREM CLASS G @ 15.8 PPG 1.15 YLD. DOWN BACKSIDE. GOOD CMT TO SURFACE AND STAYED AT SURFACE. WORT.

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE DATE 10/17/2007

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DIV. OF OIL, GAS & MINING

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FORM 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: STATE 1021-36C

2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE LP

9. API NUMBER: 4304738850

3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER: (435) 781-7024

10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 723'FNL, 1651'FWL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 36 10S 21E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: PRODUCTION START-UP
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

THE SUBJECT WELL WAS PLACED ON PRODUCTION ON 01/14/2008 AT 11:00 AM

PLEASE REFER TO THE ATTACHED CHRONOLOGICAL WELL HISTORY.

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE DATE 1/16/2008

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(5/2000) (See Instructions on Reverse Side)

Anadarko Petroleum Corporation

Anadarko Petroleum Corporation
1368 S. 1200 East
Vernal, UT 84078

CHRONOLOGICAL WELL HISTORY

STATE 1021-36C
LOCATION NENW SEC.36, T10S, R21E
UINTAH COUNTY, UT

DATE	ACTIVITY		STATUS
09/11/07	LOCATION STARTED	PIONEER 41	
10/08/07	LOCATION COMPLETED	PIONEER 41	P/L IN, WOBR
	SET CONDICTOR	PIONEER 41	WOAR
10/14/07	SET AIR RIG	PIONEER 41	DRILLING
10/18/07	9-5/8" @ 1844'	PIONEER 41	WORT

10/30/07 TD: 1875' Csg. 9 5/8" @ 1844' MW: 8.4 SD: 10/xx/07 DSS: 0
RURT. NU and test BOPE. PU BHA @ report time.

10/31/07 TD: 3545' Csg. 9 5/8" @ 1844' MW: 8.4 SD: 10/30/07 DSS: 1
PUDS and drill FE. Rotary spud @ 1200 hrs 10/30/07. Drill from 1875'-3545'. DA.

11/01/07 TD: 5185' Csg. 9 5/8" @ 1844' MW: 9.8 SD: 10/30/07 DSS: 2
Drill from 3545'-5185'. DA.

11/02/07 TD: 6212' Csg. 9 5/8" @ 1844' MW: 10.2 SD: 10/30/07 DSS: 3
Drill from 5185'-6212'. DA.

11/05/07 TD: 8187' Csg. 9 5/8" @ 1844' MW: 12.0 SD: 10/30/07 DSS: 6
Drill from 6212'-7211'. TFNB. Drill to 8187'. DA.

11/06/07 TD: 8550' Csg. 9 5/8" @ 1844' MW: 12.1 SD: 10/30/07 DSS: 7
Drill from 8187'-8224'. TFNB. Drill to 8550'. DA.

11/07/07 TD: 8670' Csg. 9 5/8" @ 1844' MW: 12.4 SD: 10/30/07 DSS: 8
Drill from 8550'-8670'. CCH, short trip, and LDDS. RU and run logs to TD. Prep to run 4.5" prod csg @ report time.

11/08/07 TD: 8670' Csg. 9 5/8" @ 1844' MW: 12.4 SD: 10/30/07 DSS: 9
Run 4.5" prod csg. CCH and w/o replacement cmt truck. Cmt w/ good returns. Land csg, clean pits, and rls rig @ 0200 hrs on 11/8/07. RDRT to move to Bitter Creek 1122-5B @ report time.

01/07/08 **MIRU P/T**
Days On Completion: 1
Remarks: RIG UP NIPPLE UP BOP RIG UP FLOOR TALLY & PICK UP 2,3/8 TBG PICK UP212 JTS POOH W/ 60 JTS SDFN

01/08/08 **PERF**
Days On Completion: 2

Remarks: POOH W/ 2,3/8 NIPPLE DOWN BOP NIPPLE UP FRAC FALVES TEST VALVES & CSG TO 7500# GOOD TEST RIG UP CUTTERS RIH W/ 3,3/8 GUNS 23 GM .36 HOLES PERF @ 8174'-80' 3 SPF 8266'-68' 2 SPF 8308'-13' 4 SPF NO BLOW SDFN WO FFAC CREW

01/09/08 **Stand By**
Days On Completion: 3
Remarks: W/O FRAC CREW STANDBY.

01/10/08 **Frac**
Days On Completion: 4
Remarks: MIRU JB & CUTTERS

STAGE #1 BRK PERF @ 5254# INJ RT 50 BPM INJ PSI 5900# ISIP 3263# FG .75 FRAC W/ 58050# 30/50 SAND + 5894# 20/30 RESIN COATED SAND +1759 BBL SLICKWATER MP 6429# MR 50 BPM AP 5146# AR 50 BPM ISIP 3056# AR 50 BPM ISIP 3056# FG .80 NPI -207#

STAGE @2 RIH SET 8K CBP @ 8110' PERF @ 7928'-30' 3 SPF 7962'-64' 3 SPF 8013'-16' 4 SPF 8079'80' 4 SPF BRK PERF @ 3808# INJ RT 50 BPM INJ PSI 5560# ISIP 3209# FG .84 FRAC W/ 71541# 30/50 SAND + 5523# 20/40 RESIN COATED SAND + 2101 BBL SLICKWATER MP 5910# MR 50 BPM AP 4988# AR 49 BPM ISIP 3160# FG .83 NPI -49#

STAGE # 3 RIH SET 8K CBP @ 7600' PERF @ 7461'-63' 2 SPF 7522'-26' 2 SPF 7551'-54' 4 SPF 7566'-70' 4 SPF BRK PERF @ 4617# IJN RT 50 BPM INJ PSI 4800# ISIP 1983# FG .70 FRAC W/ 52078# 30/50 SAND + 5000# 20/40 RESIN COATED SAND + 1591 BBL SLICKWATER MP 5374# MR 50 BPM AP 4336# AR 50 BPM ISIP 2380# FG .75 NPI 397#

STAGE #4 RIH SET 8K CBP @ 7277' PERF @ 7079'-82' 2 SPF 7169'-72' 3 SPF 7241'-47' 4 SPF BRK PERF @ 4564# INJ RT 33 BPM INJ PSI 5000# ISIP 2799# FG .82 FRAC W/ 22025# 30/50 SAND + 5000# 20/40 RESIN COATED SAND + 790 BBL SLICKWATER MP 5863# MR 33 BPM AP 5505# AR 31 BPM ISIP 3336# FG .90 NPI 564#

STAGE # 5 RIH SET 8K CBP @ 6971' PERF @ 6931'-41' 4 SPF BRK PERF @ 4258# INJ RT 50 BPM INJ PSI 4235# ISIP 1982# FG .72 FRAC W/ 34417# 30/50 SAND + 5000# 20/40 RESIN COATED SAND + 1126 BBP SLICKWATER MP 4704# MR 50 BPM AP 4247# AR 50 BPM ISIP 2906# FG .85 NPI 924#

STAGE # 6 RIH SET 8K CBP @ 6485' PERF @ 6445'-55' BRK PERF @ 1432# INJ RT 50 BPM INJ PSI 4500# ISIP 786# FG .56 FRAC W/ 21251# 30/50 SAND + 5000# 20/40 RESIN COATED SAND + 780 BBL SLICKWATER MP 4696# MR 50 BPM AP 4404# AR 50 BPM ISIP 2947# FG .89 NPI 2161#

STAGE @7 RIH SET 8K CBP @ 5383' PERF @ 5547'-53' 4 SPF 5549'-53' 4 SPF BRK PERF @ 2802# INJ RT 50 BPM INJ PSI 4100# ISIP 1750# FG .75 FRAC W/ 17357# 30/50 SAND + 531 BBL SLICKWATER MP 4179 MR 50 BPM AP 3730# AR 50BPM ISIP 2329# FG .85 NPI 579# RIH SET

01/11/08 **DRII CBP**
Days On Completion: 5
Remarks: NIPPLE DOWN FRACS NIPPLE UP BOP MAKE UP PUMP OFF BIT SUB & BIT BRIH W/ 2,3/8 TBG TAG @5447' RIG UP DRILLING EQUIP DRILL OUT CBP @ 5447' 200# KICK RIH TAG @5553' 30' SAND ON CBP DRILL OUT SAND & CBP @ 5583' 200# KICK RIH TAG @ 6455' 30' SAND ON CBP DRILL OUT SAND & CBP @ 6485' 500# KICK RIH TAG @ 6941' 30' SAND ON CBP DRILL OUT SAND & CBP @ 6971' 500# KICK RIH TAG @ 7247' 30' SAND ON CBP DRILL OUT SAND & CBP @ 7277' 1000# KICK RIH TAG @ 7570' 30' SAND ON CBP DRILL OUT SADN & CBP @ 7600' 400# KICK RIH TAG @ 8080' 30' SAND ON CBP DRILL OUT SAND & CBP @ 8110' 300# KICK RIH TO 8600' LAY DOWN SWIVEL LAY DOWN 36 JTS

LAND ON WELL HEAD W/ 238 JTS 2,3/8 J-55 EOT 7477.98' NIPPLE DOWN BOP NIPPLE UP TREE PUMP OFF BIT TRUN WELL TO FLOWBACK CREW

TBG DETAIL	
KB	18.00
HANGER	.83
238 JTS 2,3/8 J-55 TBG	7456.98
R-NIPPLE 1.875	2.20
EOT	7477.18
RETURN TO YARD 43 JTS	

01/12/08 **FLOWBACK REPORT:** CP 1300#, TP 900#, CK 20/64", 55 BWPH, LOAD REC'D 875 BBLS, REMAINING LTR 7004 BBLS

01/13/08 **FLOWBACK REPORT:** CP 1525#, TP 1160#, CK 20/64", 50 BWPH, LOAD REC'D 1240 BBLS, REMAINING LTR 5764 BBLS

01/14/08 **FLOWBACK REPORT:** CP 2000#, TP 1150#, CK 20/64", 40 BWPH, LOAD REC'D 1080 BBLS, REMAINING LTR 4684 BBLS
WENT ON SALES: @ 11:00 AM, 1000 MCF, 1250 TBG, 1950 CSG, 20/64 CK, 40 BBWH

01/15/08 **FLOWBACK REPORT:** CP 1925#, TP 1025#, CK 20/64", 20 BWPH, LOAD REC'D 770 BBLS, REMAINING LTR 3914 BBLS
ON SALES: 1000 MCF, 2 BC, 480 BW, TP: 1025#, CP: 2500#, 20/64 CHK, 18 HRS, LP: 230#.

01/17/08 **ON SALES:** 1282 MCF, 2 BC, 480 BW, TP: 995#, CP: 1582#, 20/64 CHK, 18 HRS, LP: 280#.

01/18/08 **ON SALES:** 997 MCF, 0 BC, 418 BW, TP: 941#, CP: 1546#, 20/64 CHK, 18 HRS, LP: 291#.

01/19/08 **ON SALES:** 1176 MCF, 0 BC, 418 BW, TP: 905#, CP: 1440#, 20/64 CHK, 18 HRS, LP: 266#.

01/20/08 **ON SALES:** 1164 MCF, 0 BC, 418 BW, TP: 848#, CP: 1369#, 20/64 CHK, 18 HRS, LP: 255#.

01/21/08 **ON SALES:** 1088 MCF, 0 BC, 418 BW, TP: 855#, CP: 1334#, 20/64 CHK, 18 HRS, LP: 247#.

01/22/08 **ON SALES:** 1005 MCF, 0 BC, 322 BW, TP: 778#, CP: 1275#, 20/64 CHK, 24 HRS, LP: 215#.

01/23/08 **ON SALES:** 970 MCF, 0 BC, 350 BW, TP: 736#, CP: 1224#, 20/64 CHK, 24 HRS, LP: 202#.

01/24/08 **ON SALES:** 937 MCF, 2 BC, 350 BW, TP: 734#, CP: 1180#, 20/64 CHK, 24 HRS, LP: 221#.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ (highlight changes) FORM 8

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT or CA AGREEMENT NAME:
8. WELL NAME and NUMBER: STATE 1021-36C
9. API NUMBER: 4304738850
10 FIELD AND POOL, OR WILDCAT: NATURAL BUTTES

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ DRY ☐ OTHER

b. TYPE OF WORK: NEW WELL ☑ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER

2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE LP

3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078 PHONE NUMBER: (435) 781-7024

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 723'FNL, 1651'FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW:
AT TOTAL DEPTH:

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 36 10S 21E

12. COUNTY: UINTAH 13. STATE: UTAH

14. DATE SPUDDED: 10/8/2007 15. DATE T.D. REACHED: 11/7/2007 16. DATE COMPLETED: 1/14/2008 ABANDONED ☐ READY TO PRODUCE ☑ 17. ELEVATIONS (DF, RKB, RT, GL): 5270'GL

18 TOTAL DEPTH: MD 8,670 TVD 19. PLUG BACK T.D.: MD 8,623 TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE PLUG SET: MD TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
CBL-CCL-GR ; WSMDTL, SD, DSN, ACTR

23.
WAS WELL CORED? NO ☑ YES ☐ (Submit analysis)
WAS DST RUN? NO ☑ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☑ YES ☐ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
20"	14" STL	36.7#		40		28			
12 1/4"	9 5/8 J-55	36#		1,875		575			
7 7/8"	4 1/2 I-80	11.6#		8,670		1480			

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"	7,478							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) WASATCH	5,547	6,455		
(B) MESAVERDE	6,931	8,313		
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)		SIZE	NO. HOLES	PERFORATION STATUS
5,547	6,455	0.34	80	Open ☑ Squeezed ☐
6,931	8,313	0.36	170	Open ☑ Squeezed ☐
				Open ☐ Squeezed ☐
				Open ☐ Squeezed ☐

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

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FEB 25 2008
DIV. OF OIL, GAS & MINING

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
5547'-6455'	PMP 1311 BBLS SLICK H2O & 43,614# 30/50 SD
6931'-8313'	PMP 7367 BBLS SLICK H2O & 259,528# 30/50 SD

29. ENCLOSED ATTACHMENTS:

☐ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER:

30. WELL STATUS: PROD

(5/2000)

(CONTINUED ON BACK)

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
1/14/2008	1/17/2008	18		2	1,282	480	FLOWING

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:
20/64	995	1,582					2	1,282	480	PROD

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
1/14/2008	1/17/2008	18		2	1,282	480	FLOWING

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:
20/64	995	1,582					2	1,282	480	PROD

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:

CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

SOLD

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
WASATCH MESAVERDE	3,933 6,501	6,501			

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE DATE 2/14/2008

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

(5/2000)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: KERR McGEE OIL & GAS ONSHORE LP
Operator Account Number: N 2995
Address: 1368 SOUTH 1200 EAST
city VERNAL
state UT zip 84078
Phone Number: (435) 781-7024

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
Various	NBU REVISION						UINTAH
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	
E	Various	2900	3/13/2012			2/1/2012	

Comments: MOVE THE ATTACHED WELLS INTO THE NATURAL BUTTES UNIT REVISION EFFECTIVE 02/01/2012. 72 wells 5/31/2012

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	

Comments:

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	

Comments:

ACTION CODES:

- **A** - Establish new entity for new well (single well only)
- **B** - Add new well to existing entity (group or unit well)
- **C** - Re-assign well from one existing entity to another existing entity
- **D** - Re-assign well from one existing entity to a new entity
- **E** - Other (Explain in 'comments' section)

SHEILA WOPSOCK
Name (Please Print)
Signature
REGULATORY ANALYST
Title
5/30/2012
Date

RECEIVED
MAY 31 2012
Div. of Oil, Gas & Mining

(5/2000)

Entity Action Form Attachment for wells moved into the Natural Buttes Unit Effective 02/01/2012.

API	Well Name	QTR/QTR	orig entity Section	TWNSHP	RANGE	Producing Intervals
4304737079	FEDERAL 920-25I	NESE	15431	25 9S	20E	WASATCH/MESAVERDE
4304737080	FEDERAL 920-25H	SENE	15761	25 9S	20E	WASATCH/MESAVERDE
4304737081	FEDERAL 920-25A	NENE	15553	25 9S	20E	WASATCH/MESAVERDE from MVRD
4304739098	STATE 1021-28M	SWSW	16499	28 10S	21E	WASATCH To WSMVD
4304737918	FEDERAL 1021-26L	NWSW	16390	26 10S	21E	MESAVERDE To WSMVD
4304737919	FEDERAL 1021-26N	SESW	16391	26 10S	21E	WASATCH/MESAVERDE
4304737916	FEDERAL 1021-25O	SWSE	16277	25 10S	21E	WASATCH/MESAVERDE
4304739112	STATE 1021-31M	SWSW	16454	31 10S	21E	WASATCH To WSMVD
4304739127	STATE 1021-32P	SESE	16471	32 10S	21E	WASATCH/MESAVERDE
4304739128	STATE 1021-32O	SWSE	17513	32 10S	21E	WASATCH/MESAVERDE
4304739131	STATE 1021-32L	NWSW	16902	32 10S	21E	WASATCH/MESAVERDE
4304739133	STATE 1021-32J	NWSE	17529	32 10S	21E	WASATCH/MESAVERDE
4304739134	STATE 1021-32I	NESE	16905	32 10S	21E	WSMVD
4304739135	STATE 1021-32H	SENE	17528	32 10S	21E	WASATCH/MESAVERDE
4304735714	FEDERAL 1022-29H	SENE	15147	29 10S	22E	WASATCH/MESAVERDE
4304735715	FEDERAL 1022-29F	SENW	15162	29 10S	22E	WASATCH/MESAVERDE
4304735716	FEDERAL 1022-29B	NWNE	14982	29 10S	22E	WASATCH/MESAVERDE
4304735737	FEDERAL 1022-29I	NESE	15001	29 10S	22E	WASATCH/MESAVERDE
4304735738	FEDERAL 1022-29D	NWNW	15016	29 10S	22E	MESAVERDE To WSMVD
4304734862	FEDERAL 31-10-22	SESE	13879	31 10S	22E	MESAVERDE To WSMVD
4304735173	FEDERAL 1022-31D	NWNW	14132	31 10S	22E	WASATCH/MESAVERDE
4304736492	FEDERAL 1022-31N	SESW	16255	31 10S	22E	WASATCH/MESAVERDE
4304736493	FEDERAL 1022-31I	NESE	15089	31 10S	22E	WASATCH/MESAVERDE
4304736494	FEDERAL 1022-31G	SWNE	15075	31 10S	22E	WASATCH/MESAVERDE
4304736495	FEDERAL 1022-31F	SENE	15230	31 10S	22E	WASATCH/MESAVERDE
4304736574	FEDERAL 1022-31C	NENW	15090	31 10S	22E	WASATCH/MESAVERDE
4304736575	FEDERAL 1022-31J	NWSE	15214	31 10S	22E	WASATCH/MESAVERDE
4304736576	FEDERAL 1022-31L	NWSW	16276	31 10S	22E	WASATCH/MESAVERDE
4304734317	STATE 1-32	NESW	13419	32 10S	22E	WASATCH/MESAVERDE
4304734831	STATE 2-32	SESW	13842	32 10S	22E	MESAVERDE To WSMVD
4304734832	STATE 3-32	NWSW	13844	32 10S	22E	WASATCH/MESAVERDE
4304735095	STATE 1022-32J	NWSE	14097	32 10S	22E	WSMVD
4304735096	STATE 1022-32A	NENE	13914	32 10S	22E	WASATCH/MESAVERDE
4304735186	STATE 1022-32P	SESE	14131	32 10S	22E	MESAVERDE To WSMVD
4304735315	STATE 1022-32O	SWSE	14114	32 10S	22E	WASATCH/MESAVERDE
4304735647	STATE 1022-32H	SENE	14348	32 10S	22E	MESAVERDE To WSMVD
4304736413	STATE 1021-36O	SWSE	15619	36 10S	21E	WASATCH/MESAVERDE
*4304738157	WELL BELONGS TO QEP ENERGY CORP "GH 8-20-8-21" PERMIT NOT APPROVED					
4304734839	FEDERAL 1022-15F	SENW	14618	15 10S	22E	WASATCH/MESAVERDE
4304736414	STATE 1021-36J	NWSE	15651	36 10S	21E	WASATCH/MESAVERDE
4304738152	STATE 1021-36L	NWSW	16012	36 10S	21E	WASATCH/MESAVERDE
4304735440	FEDERAL 1022-15J	NWSE	14617	15 10S	22E	WASATCH/MESAVERDE
4304736415	STATE 1021-36I	NESE	15684	36 10S	21E	WASATCH/MESAVERDE
4304738845	STATE 1021-36D	NWNW	16455	36 10S	21E	WASATCH/MESAVERDE

4304750096	FEDERAL 1022-27H	SENE	17626	27	10S	22E	WASATCH/MESAVERDE
4304736416	STATE 1021-36H	SENE	15335	36	10S	21E	WASATCH/MESAVERDE
4304738846	STATE 1021-36E	SWNW	16523	36	10S	21E	WASATCH/MESAVERDE
4304735676	FEDERAL 1022-28L	NWSW	15110	28	10S	22E	WASATCH/MESAVERDE
4304736417	STATE 1021-36G	SWNE	15297	36	10S	21E	WASATCH/MESAVERDE
4304738847	STATE 1021-36F	SENW	16394	36	10S	21E	WASATCH/MESAVERDE
4304735713	FEDERAL 1022-28N	SESW	15145	28	10S	22E	WASATCH/MESAVERDE
4304736418	STATE 1021-36B	NWNE	14953	36	10S	21E	WASATCH/MESAVERDE
4304738848	STATE 1021-36N	SESW	16359	36	10S	21E	WASATCH/MESAVERDE
4304735735	FEDERAL 1022-28O	SWSE	15285	28	10S	22E	WASATCH/MESAVERDE from MVRD
4304736419	STATE 1021-36A	NENE	15035	36	10S	21E	WASATCH/MESAVERDE
4304738849	STATE 1021-36K	NESW	16084	36	10S	21E	WASATCH/MESAVERDE
4304735736	FEDERAL 1022-28M	SWSW	15286	28	10S	22E	WASATCH/MESAVERDE
4304736420	STATE 1021-36P	SESE	15372	36	10S	21E	WASATCH/MESAVERDE
4304738850	STATE 1021-36C	NENW	16396	36	10S	21E	WASATCH/MESAVERDE
4304734861	FEDERAL 29-10-22	SESE	14006	29	10S	22E	MESAVERDE To WSMVD
4304735577	FEDERAL 1022-33O	SWSE	15080	33	10S	22E	WASATCH/MESAVERDE
4304735739	FEDERAL 1022-33E	SWNW	15193	33	10S	22E	WASATCH/MESAVERDE
4304735740	FEDERAL 1022-33M	SWSW	15373	33	10S	22E	WASATCH/MESAVERDE
4304735741	FEDERAL 1022-33L	NWSW	15511	33	10S	22E	WASATCH/MESAVERDE
4304735742	FEDERAL 1022-33G	SWNE	15404	33	10S	22E	WASATCH/MESAVERDE from MVRD
4304735743	FEDERAL 1022-33C	NENW	15405	33	10S	22E	WASATCH/MESAVERDE
4304735744	FEDERAL 1022-33A	NENE	15539	33	10S	22E	WASATCH/MESAVERDE
4304737105	FEDERAL 1022-33D	NWNW	16502	33	10S	22E	WASATCH/MESAVERDE
4304737106	FEDERAL 1022-33F	SENW	16560	33	10S	22E	WASATCH/MESAVERDE from WSTC
4304737107	FEDERAL 1022-33K	NESW	16124	33	10S	22E	WASATCH/MESAVERDE
4304737109	FEDERAL 1022-33N	SESW	16126	33	10S	22E	WASATCH/MESAVERDE
4304737110	FEDERAL 1022-33B	NWNE	16561	33	10S	22E	WASATCH/MESAVERDE
4304735810	STATE 1021-36E	SWNW	14295	36	10S	21E	WASATCH/MESAVERDE